(1)

Supreme Court, U.S.
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No. _____

In The

Supreme Court of the United States

Barbara Brown

Petitioner,

v.

Patricia A. McCormick, et al.

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Fourth Circuit

---

PETITION FOR WRIT OF CERTIORARI

Barbara E. Brown
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64 pp

QUESTIONS PRESENTED

1. When an infringer fails to present any evidence regarding what elements of its profits are attributable to factors other than the copyrighted work, may a trial court deny the copyright author an award in the full amount of the infringer's profits and impose instead an allocation of profits formula that was offered in evidence for a co-infringer whose profits are derived from a different source and are of a different type?

2. Must a trial court first make a relevancy and reliability assessment before admitting in evidence the opinion testimony of an expert witness, whose method for allocating copyright infringement profits is a personal theory that has never been previously tested?

LIST OF PARTIES

Petitioner:

Barbara Brown

Respondents:

Patricia A. McCormick

Amblin' Entertainment, Inc.

Universal City Studios, Inc.

MCA/Universal Merchandising,Inc.(now known as Universal Studios Consumer Products, Inc.)

Marketing and Financial Management Enterprises, Inc.

That Patchwork Place, Inc. (now known as Martingale & Co., Inc.)

The Greenwich Workshop. Inc.

John Simpkins

Counsel for Respondents:

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PETITION FOR WRIT OF CERTIORARI

Petitioner Barbara Brown respectfully petitions for a writ of certiorari to review the judgment in this case of the United States Court of Appeals for the Fourth Circuit.

OPINIONS AND ORDERS BELOW

The opinion of the court of appeals is unpublished and appears at Appendix A. The memorandum opinion of the district court is reported at 87 F.Supp.2d 467 and appears at Appendix B. The Order of the district court is unpublished and appears at Appendix C. The Order of the court of appeals denying the petition for rehearing is unpublished and appears at Appendix D.

JURISDICTION

The United States Court of Appeals for the Fourth Circuit entered its judgment on January 12, 2001. Petitioner timely filed a Petition for Rehearing and Rehearing En Banc, which was denied on February 12, 2001. This Petition is timely filed within ninety days of that date as provided in Supreme Court Rules 13.3. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254 (1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

This case involves the damages provision of the copyright act, which provides as follows:

> The copyright owner is entitled to recover the actual damages suffered by him or her

> as a result of infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages. In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work.

17 U.S.C. § 504 (b).

STATEMENT OF THE CASE

This is a copyright infringement case brought pursuant to 28 U.S.C. §§ 1331 and 1338 (a).

In 1994, the Amblin' Entertainment, Inc. ("Amblin") film production company contracted with the Universal City Studios, Inc. ("Universal Studios") film studio company to produce the motion picture *How to Make an American Quilt* ("Movie").

Petitioner is a professional quilt maker and designer who was approached by one of the Movie's technical consultants, Patricia McCormick, about creating designs for a story quilt described in the Movie's script. The story quilt was called *The Life Before*. Petitioner subsequently contracted with McCormick to provide fifteen original quilt block designs that would be utilized to make two copies of *The Life Before* quilt for use as film props. By the terms of their agree- ment, petitioner retained the copyright to all of her original quilt block designs.

Without petitioner's knowledge, McCormick

copied one of petitioner's copyrighted designs known as the Wedding Block and used it to create a new block generally known as the Marriage Block. McCormick then included the Marriage Block in another of the Movie's quilts, which was called the *Where Love Resides* quilt. The district court found that the creation of the Marriage Block was not authorized and held that McCormick was liable for this infringement. App. B at B-32, ¶ 28 (a).

Based on Universal's and Amblin's display of the *Where Love Resides* quilt in the Movie, the district court found that Universal and Amblin also had infringed petitioner's Wedding Block design and held that the film studio and the film production company were each liable to petitioner for her share of any profits derived from use of the infringed block in the Movie. App. B at B-34, ¶ 28 (g).

Apportionment of The Film Production Company's Profits

Having decided that petitioner was entitled to an allocated share of any profits earned by Universal and Amblin for use of the Marriage block in the Movie, the district court concluded that Universal lost money on the Movie and made no profits to share. App. B at B-38, ¶ 33 (g).

Amblin, however, stipulated that in return for its services in producing Universal's Movie, Amblin received a $2 million fee. App B at B-18, ¶ 52. Amblin also stipulated that it received an additional net overhead reimbursement of $50,000.[1] As Amblin produced no evidence of its deductible expenses, the district court found that Amblin's $2 million production fee was the

[1] Stipulation 1, Court Docket 147 at 14.

appropriate measure from which to calculate petitioner's damages. App. B at B-38, ¶ 33 (g).

The lone defense expert witness at trial, Arnold Margolin, submitted a thirty paged expert witness report that was devoted exclusively to the film studio's profit elements.[2] Never offering any evidence about Amblin's production company or the $2 million fee that the production company received from Universal, Margolin testified extensively and exclusively during trial about the film studio's profit elements.

That his sole evidentiary function was to testify regarding profits that might have been generated by the film studio's successful exploitation of the Movie, is undeniable because:

> (i) Margolin was called to testify as "an expert with respect to the value of the contribution of [petitioner's] block to the motion picture at issue . . .;"[3]
>
> (ii) Margolin was asked "to determine what value [petitioner's] contribution would be worth in relation to the creative value of the entire motion picture;"[4]
>
> (iii) Margolin was asked if he had "formed an opinion regarding the value of the contribution of the block at issue to the motion picture *How to Make an American Quilt*;"[5]
>
> (iv) Margolin testified that the final step he took to form his opinion was "to determine what was

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[2] Def. Ex. 67.

[3] Tr. at 42:9-13 (May 27, 1999).

[4] Tr. at 43:2-6 (May 27, 1999).

[5] Tr. at 51:19-23 (May 27, 1999).

> the value of the [*Where Love Resides*] quilt to the overall value of the entire motion picture;"[6] and
>
> (v) Defense counsel, when calling for Margolin's expert opinion, repeated his .0001176% allocation figure and expressly asked, "And the function of this number is, if the movie had generated any profit, that is your opinion as to the value of the contribution of the drawing [Petitioner's quilt block pattern] to any profits generated by the movie?"[7]

Amblin's profits were not generated by Universal's sale and distribution of the Movie. Indeed, Amblin, upon contracting with Universal Studios to provide its production services, had already obtained its profits prior to the Movie's existence. Neither defense counsel or the district court posed any questions to Margolin concerning the value of Petitioner's contribution to the production company's profits.

Based on respondents' proffer and arguments made in support of accepting Margolin as a qualified expert, the district court determined that "The issue to be decided here is how much of the gross receipts or the profit of a work of art . . . or a piece of entertain- ment such as a film can be attributed to certain elements . . . " Margolin was thereafter accepted as an expert and was permitted to testify only "on the general subject of the evaluation of the different components that go to making up a film and in specific . . . the value of the [petitioner's] block . . . "[8]

Thus, neither the parties nor the district court

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6 Tr. at 58:23-24 (May 27, 1999).

7 Tr. at 68:19-69:2 (May 27, 1999).

8 Tr. at 50:7-11 (May 27, 1999).

expected Margolin to testify concerning Amblin or the components of its production fee, and he did not. Furthermore, there was no evidence provided to establish that the various elements that make up the profits of a successfully exploited motion picture are the same as, or even similar to, the elements that make of the profits of a fixed amount production fee. Nevertheless, the formula that respondents' expert devised for apportioning theoretical profits, which Universal Studios might have realized from the successful exploitation of its Movie, was utilized by the district court as the method for apportioning the actual profits that Amblin realized in exchange for providing the services of its production company. Relying on Margolin's testimony that the value of petitioner's contribution to the Movie through the Marriage Block was .0001176% of the total value of the Movie, the district court determined that petitioner was entitled to only .0001176% of Amblin's $2 million production fee, or $2.35. App. B at B-38, ¶ 33 (g).

The Relevancy and Reliability of the Expert Witness Testimony

Margolin is a television producer and screenwriter whose resume reveals that he has never produced a major motion picture. Before trial, his own testimony established that he personally made up the evaluating criteria that he used to determine what value petitioner's work contributed to the Movie and that before the instant case he had never used his methodology to evaluate an artistic endeavor.[9] At trial, Margolin admitted that:

> (i) The six evaluating "element"s that he used were his personal opinion, and he had never

[9] Arnold Margolin Depo. Testimony at 22:22-23:5; 25:19-25.

used them prior to the instant litigation;[10]

(ii) The five "participating stages" that he used to value petitioner's work were his personal opinion, and he had never used them prior to the instant litigation;[11]

(iii) He was not aware of, and therefore did not apply, any industry standards in forming his opinion;[12]

(iv) He had no prior experience in allocating the value of artistic contributions to motion pictures. Rather, the experience he described as "credit allocation" was limited to his participation in film credit arbitration proceedings in which he helped to decide whose names should appear in a given film's credits and in what order those names should be listed. His experience had nothing to do with assigning percentage values to the various aspects of a motion picture;[13]

(v) He had not previously been qualified by any court to testify as an expert on damages in a copyright infringement case;[14]

(vi) He never saw the actual *Where Love Resides* quilt, and his opinion was based solely on his viewing of an 8.5" by 11" photograph of the quilt;[15]

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10 Tr. at 99:9-100:8 (May 27, 1999).
11 Tr. at 109:4-11 (May 27, 1999).
12 Tr. at 109:22-110:22 (May 27, 1999).
13 Tr. at 93:24-97:24 (May 27, 1999).
14 Tr. at 90:7-92:23 (May 27, 1999).
15 Tr. at 113:7-19 (May 27, 1999).

(vii) He had no knowledge of quilt construction or quilt pattern design;[16] and

(viii) He did not know what the film studio's budget for the Movie had been.[17]

The Rulings Below

Over objection, Margolin's expert opinion was admitted in evidence. The district court flatly stated:

> Mr. Margolin's qualifications and his testimony in terms of reliability in light of the particular facts and circumstances of this case which involves a quilt used in a movie and other things, and, in my view, his testimony should be received and is received.[18]

The court of appeals affirmed. App. A. Petitioner then sought rehearing and rehearing *en banc*, and both requests were denied. App. D.

REASONS FOR GRANTING THE WRIT

This Petition should be granted because the Fourth Circuit has affirmed a decision that conflicts with a decision of another court of appeals on the important matter of apportioning copyright profits and has affirmed a decision involving an important federal question that was decided in a way that conflicts with relevant decisions of this Court.

I. THIS COURT SHOULD GRANT CERTIORARI TO ADDRESS THE IMPORTANT BUT

[16] Tr. at 111:5-11 (May 27, 1999).

[17] Tr. at 109:19-21 (May 27, 1999).

[18] Tr. at 1329:9-14 (May 28, 1999).

UNSETTLED QUESTION OF WHEN AN INFRINGER FAILS TO PRESENT ANY EVIDENCE REGARDING WHAT ELEMENTS OF ITS PROFITS ARE ATTRIBUTABLE TO FACTORS OTHER THAN THE COPYRIGHTED WORK, MAY A TRIAL COURT DENY THE COPYRIGHT AUTHOR AN AWARD IN THE FULL AMOUNT OF THE INFRINGER'S PROFITS AND IMPOSE INSTEAD AN ALLOCATION OF PROFITS FORMULA THAT WAS OFFERED IN EVIDENCE FOR A CO-INFRINGER WHOSE PROFITS ARE DERIVED FROM A DIFFERENT SOURCE AND ARE OF A DIFFERENT TYPE?

The Copyright Act unequivocally states that once the copyright owner presents proof of an infringer's gross revenue, the infringer is "required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work."[16] Yet, the district court's unwillingness to apply this mandatory provision was affirmed by the court of appeals.

In concluding its memorandum opinion, the district court stated that "Because the Defendant's actions did not constitute willful infringements, . . . Brown 's award amount is limited to actual and statutory damages." App. B at B-38. However, no finding if willfulness is required before a copyright owner may recover an infringer's profits. The statute is clear and unambiguous on this point. Irrespective of an infringer's intent, the copyright owner is entitled to recover damages suffered as a result of the infringement "*and* any profits of the infringer that are attributable to the infringement and are not taken into account in computing

[16] 17 U.S.C. § 504 (b).

the actual damages."[20]

The Ninth Circuit court of appeals has addressed the precise issue presented here, that is, what is the proper measure of damages when an infringer fails to introduce evidence of profits that are not attributable to the infringement. *Cream Records, Inc. v. Joseph Schlitz Brewing Co*, 864 F.2d 668, 669 (9th Cir. 1989).

As payment for an infringing commercial that it produced, the infringer received $175,872.78. The district court had awarded the copyright owner a one percent apportionment of the infringer's profits, or $1750. The Ninth Circuit concluded that because the infringer had failed to introduce evidence of costs and of profits not attributable to the infringement, its entire gross revenues of $175,872.78 were to be awarded the copyright owner. *Id.*

In the instant case, the district court's error in refusing to award Ambin's full amount of profits was compounded by the substitution of an apportionment formula that is entirely unrelated to Amblin's profits. While arguing the relevancy of Margolin's testimony to the district court, respondents stated that the case law upon which they relied involved apportionment of the "revenues generated by [a motion] picture. [21] Respondents also argued that Margolin's testimony was relevant because case law held that "a producer can testify to what portion of the *gross receipts* is properly apportionable to the copyrighted work."[22] Thus, the sole intended purpose of Margolin's opinion testimony was to address the film studio's gross receipts from the sale and distribution of the Movie, and the district court had no legal basis

[20] *Id.* (emphasis added).

[21] Tr. at 48:3-6 (May 27, 1999).

[22] Tr. at 47:25-48:2 (May 27, 1999) (emphasis added).

for applying Margolin's apportionment formula to the film producer's fee amount.

The importance of the Copyright Act to authors of original works is immeasurable. A copyright author's sole protection from the unauthorized exploitation of his or her work lies in the vigorous enforcement of the Act's provisions. The damages provision is clearly intended to aid the individual artist by shifting the burden of proof to the infringer once evidence of gross revenue has been presented.

However, that well intended provision is rendered meaningless when judicially imposed requirements, such as willfulness, serve as a basis for denying copyright author's all but minuscule percentages of a successful infringer's profits. Such awards foster the notion that it is cheaper to infringe than to pay artists for their work.

II. THIS COURT SHOULD GRANT CERTIORARI BECAUSE THE FOURTH CIRCUIT'S AFFIRMANCE OF THE DISTRICT COURT'S ADMISSION OF EXPERT WITNESS TESTIMONY CONFLICTS WITH RELATED DECISIONS OF THIS COURT.

Federal Rule of Evidence 702 provides the following regarding the admissibility of expert testimony:

> If scientific, technical, or other specialized knowledge will assist the trier of fact to understand the evidence or to determine a fact in is sue, a witness qualified as an expert by knowledge, skill, experience, training, or education,

> may testify thereto in the form of an opinion or otherwise.

This Court has held that the Rule "establishes a standard of evidentiary reliability" with respect to expert testimony. *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579, 590, 113 S.Ct. 2786, 125 L.Ed. 469 (1993).

Daubert defined the four "general observations," or criteria, for assessing the reliability of expert testimony as:

> i. Whether the expert's theory or methodology can be, or has been, tested;
>
> ii. Whether the expert's theory or methdology has been subjected to review by peers;
>
> iii. The rate at which the expert's theory or methodology has led or will lead to erroneous conclusions; and
>
> iv. Whether the expert's theory or methodology has been generally accepted by the expert's professional community.

Daubert at 593-94.

In *Kumho Tire Co., Ltd. v. Carmichael*, 526 U.S. 137, 119 S.Ct. 1167, 143 L.Ed. 238 (1999), this Court reaffirmed the role of judges as "gatekeepers," and confirmed the requirements from *Daubert* that all expert testimony be not only relevant, but also reliable. *Kumho* held that the reliability factors enunciated in *Daubert* apply to all, not only scientific, expert testimony. *Id.* at 147. The instant

case is analogous to *Kumho* in that Margolin's expert testimony too lacked all of the *indicia* of reliability.

At petitioner's request, the district court reviewed the *Kuhmo* decision and then read into the record this Court's reasons for determining that it was not an abuse of discretion for the trial court in *Kuhmo* to exclude the plaintiff's expert testimony.[23] However, the district court never stated how or whether it applied the *Daubert* factors to Margolin's testimony.

Moreover, the district court's memorandum opinion contains one reference only to respondents' expert witness. In that sole reference, the district court stated that it accepted the expert's testimony and applied the apportionment formula derived from the expert's methodology. App. B at B-34, ¶ 33 (g).

Margolin admitted that his opinion was based on his personal beliefs and that his methodology was something he "originated" solely for the purpose of giving testimony in the instant litigation. The responsibility of "ensuring that an expert's testimony rests on a reliable foundation and is relevant to the task at hand," is assigned to the trial judge. *Daubert* at 597. Because the district court gave no indication of how, or whether, it examined Margolin's methodology and determined that it was reliable, its gatekeeping obligation was not met. The Fourth Circuit's affirmance, therefore, conflicts with this Court's clear line of decisions instructing on the trial court's obligation to conduct a relevancy and reliability assessment of all proffered expert testimony.

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[23] Tr. at 1328:10-1329:8 (May 28, 1999).

CONCLUSION

WHEREFORE, petitioner respectfully requests that a writ of certiorari be granted.

DATE: May 14, 2001 Respectfully submitted,

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APPENDICES

APPENDIX A

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

NO. 00-1476

BARBARA BROWN,

Plaintiff - Appellant,

versus

PATRICIA A. MCCORMICK; MCA/UNIVERSAL MERCHANDISING, INCORPORATED, a/k/a Universal Studios Consumer Products, Incorporated; THE PATCHWORK PLACE, INCORPORATED; THE GREENWICH WORKSHOP, INCORPORATED; JOHN SIMPKINS; MARKETING AND FINANCIAL MANAGEMENT ENTERPRISES, INCORPORATED; UNIVERSAL CITY STUDIOS, INCORPORATED; AMBLIN' ENTERTAINMENT, INCORPORATED,

Defendants - Appellees,

and

WELLER/GROSSMAN PRODUCTIONS, INCORPORATED; HOME AND GARDEN TELEVISION, a/k/a HGTV, a subsidiary of the E.W. Scripps Company,

Defendants.

NO. 00-1545

BARBARA BROWN,

Plaintiff - Appellee,

versus

PATRICIA A. MCCORMICK; MCA/UNIVERSAL MERCHANDISING, INCORPORATED, a/k/a Universal Studios Consumer Products, Incorporated; THE PATCHWORK PLACE, INCORPORATED; THE GREENWICH WORKSHOP, INCORPORATED; JOHN SIMPKINS; MARKETING AND FINANCIAL MANAGEMENT ENTERPRISES, INCORPORATED; UNIVERSAL CITY STUDIOS, INCORPORATED; AMBLIN' ENTERTAINMENT, INCORPORATED,

Defendants - Appellants,

and

THE GREENWICH WORKSHOP, INCORPORATED; JOHN SIMPKINS; WELLER/GROSSMAN PRODUCTIONS, INCORPORATED; HOME AND GARDEN TELEVISION, a/k/a HGTV, a subsidiary of the E.W. Scripps Company,

Defendants.

Appeals from the United States District Court for the District of Maryland, at Baltimore. Benson E. Legg, District Judge. (CA-96-3450-L)

Submitted: December 20, 2000
Decided: January 12, 2001

Before NIEMEYER, MOTZ, AND TRAXLER, Circuit Judges.

Affirmed by unpublished per curiam opinion.

PER CURIAM:

Barbara Brown appeals the district court's order of judgment in her copyright infringement action, and the Defendants cross-appeal. We have reviewed the record and the district court's opinion and find no reversible error. Accordingly, we affirm on the reasoning of the district court. See Brown v. McCormick, CA-96-3450-L (D. Md. Mar. 8, 2000). We dispense with oral argument because the facts and legal contentions are adequately presented in the materials before the court and argument would not aid the decisional process.

AFFIRMED

APPENDIX B

Barbara BROWN, Plaintiff,

v.

Patricia A. McCORMICK, et al., Defendants.

No. CIV. L-96-3450

United States District Court,
D. Maryland.

March 7, 2000.

Johnny Meldon Howard, Houston and Howard, Washington, DC, for Plaintiff.

Vicki L. Dexter, Irwin, Green & Dexter, LLP, Baltimore, MD, Kathryn A. Young, Beverly Hills, CA, for Defendants.

MEMORANDUM

LEGG, District Judge.

Introduction

This is the opinion in a copyright infringement case that was tried before the Court, sitting without a jury. Because of the complexity of the facts, a brief summary is in order.

In 1994, Defendants, Universal City Studios, Inc. ("Universal Studios") and Amblin' Entertainment, Inc. ("Amblin"), were producing a motion picture entitled,

How to Make an American Quilt ("the Movie"). Universal Studios hired Defendant Patricia McCormick as a technical consultant. One of McCormick's assignments was to obtain the quilts that were to be used as props. As stated in the contract between Universal and McCormick, any props that McCormick obtained would be the property of Universal.

One of the quilts called for in the script was an African-American story quilt entitled, "The Life Before." The quilt was to comprise of a series of blocks, each of which would depict a chapter in the family his tory of one of the characters, including life in Africa, capture and transhipment, slavery, and emancipation. When the designs created by the studio art department probed unsatisfactory, McCormick contacted the plaintiff, Barbara Brown, a well-known professional quilter.

McCormick, on behalf of Universal, and Brown entered into a written agreement providing that Brown, in exchange for $750, would create patterns for fifteen blocks. The agreement contemplated that other quilters would select the fabrics and colors and provide the labor needed to translate Brown's designs into a completed quilt. The agreement stated that Brown would retain the copyrights to the patterns, but that Universal was authorized to create two prop quilts for the Movie.[1] Using Brown's designs, McCormick and another quilter named Dora Simmons fashioned "The Life Before" quilt displayed in the Movie.

The script called for another quilt, "Where Love

[1] As described herein, the agreement permitted Universal to make two copies of "The Life Before." The script required two copies of the same quilt: one was to be distressed to appear more than 100 years old, and one was to appear new.

Resides," whose sixteen blocks would depict the Movie's main pictorial themes. McCormick and Universal's production team designed the blocks, only one of which, the Marriage Block, is at issue in this litigation. In designing the Marriage Block, McCormick essentially copied, although in a somewhat altered form, a block (the Wedding Block) that Brown had created for "The Life Before" quilt.

In this lawsuit, Brown does not contend that displaying "The Life Before" in the Movie violates the contract between herself and McCormick. Brown does, however, complain of the following ancillary displays of the quilt:

(i) McCormick's display of "The Life Before" at quilting exhibitions;
(ii) pictures of "The Life Before" in a tie-in book entitled, *Where Love Resides*; and
(iii) McCormick's display of "The Life Before" on cable television programs.

Brown objects to all displays of "Where Love Resides" because the quilt includes the derivative Wedding Block. Thus, her suit complains of the following:

(i) display of "Where Love Resides" in the Movie;
(ii) a rendering of "Where Love Resides" on t-shirts and tote bags promoting the Movie;
(iii) display of "Where Love Resides" in the tie-in book, *Where Love Resides*;
(iv) a rendering of "Where Love Resides" in a painting by Defendant John Simpkins and in prints of the paintings; and
(v) McCormick's display of "Where Love Resides" on cable television programs.

This case was vigorously litigated. The lawsuit was filed November 1, 1996. Following extensive discovery and the filing of an amended complaint, the parties filed cross-motions for summary judgment, which the Court granted in part and denied in part on October 8, 1998. *See Brown v. McCormick*, 23 F. Supp.2d 594 (D. Md. 1998).

Following summary judgment, sixteen counts of alleged copyright infringement remained in the case.[2] The sixteen counts can be divided into seven groups:

(i) claims solely against McCormick for copying the Wedding Block to create the Marriage Block (Counts I-II);
(ii) claims solely against McCormick for displaying "The Life Before: and "Where Love Resides" quilts at exhibitions (Count III);
(iv) claims relating to the *Where Love Resides* book featuring the quilts used in the Movie (Counts XI-XIV);
(v) claims relating to an art print painted by Defendant John Simpkins (Count XVI-XIX);
(vi) claims against McCormick for the unauthorized display of the two quilts on two cable television shows (Count XX); and
(vii) claims that the display of the Marriage Block in the Movie itself infringes Brown's copyright (Count XXIV-XXV).

The parties participated in a settlement conference with a Magistrate Judge in April 1999, but were unable to resolve the case. Accordingly, the case came before

[2] The amended complaint contains 25 counts. Six counts were dismissed at summary judgment and three were voluntarily dismissed by Brown after reaching a settlement with two defendants who were only tangentially involved.

this Court for a five-day bench trial beginning May 24, 1999. Final arguments were held on July 2 and July 19, 1999.

Briefly stated, the Court finds that McCormick infringed Brown's copyrighted Wedding Block. Accordingly, all displays of the Marriage Block are infringing. This includes the display of the "Where Love Resides" quilt in the Movie, in the t-shirts and tote bags promoting the Movie, and in the tie-in book, *Where Love Resides*. Further, McCormick was not entitled to display the "Where Love Resides" quilt on television or at quilt shows. The John Simpkins fine art print, however, does not infringe Brown's copyright. The "Where Love Resides" quilt as it appears in the print is rendered suggestively and with insufficient detail to infringe. With respect to "The Life Before" quilt, the Court finds that the defendants were entitled to display it in the Movie, but not on television, at quilt shows, or in the tie-in book.

The Court concludes that none of the defendants' infringements were willful. Moreover, the substantial damages sought by Brown are not supported by the evidence, including Brown's requests for injunctive relief and award of attorney's fees. By separate Order, the Court shall, however, award Brown

(i) actual damages against McCormick in the amount of $50;
(ii) actual damages against Amblin in the amount of $2.35;
(iii) statutory damages against McCormick in the amount of $7,000; and
(iv) statutory damages against Universal, M&FM, and Patchwork in the amount of $7,000.

Having heard the testimony of the witnesses and the oral arguments of counsel, and having reviewed and considered the exhibits submitted at trial, the Court makes the following findings of fact and conclusions of law.

FINDINGS OF FACT

The Parties

1. The Plaintiff Barbara Brown is a professional quilt maker and designer who is a resident of the State of Maryland. Brown conducts her quilt business in Odenton, Maryland under the name "The Quilt Connection."

2. Defendant Patricia A. McCormick is a quilter and quilt book author who is a resident of the State of California.

3. Defendant Amblin' Entertainment, Inc. ("Amblin") is a Delaware corporation, with its principal place of business in Universal City, California. Amblin produces motion pictures for distribution and viewing in movie theaters and on television throughout the United States, including the State of Maryland.

4. Defendant Universal City Studios, Inc. ("Universal Studios") is a Delaware corporation, with its principal place of business in Universal City, California. Universal Studios produces motion pictures and television films for distribution and viewing throughout the United States, including the State of Maryland.

5. Defendant MCA/Universal Merchandising, Inc. (now known as Universal Studios Consumer Products, Inc., and referred to here as "Universal Merchandising") is a California corporation, with its principal place of

business in Universal City, California.

6. Defendant Marketing and Financial Management Enterprises, Inc. ("M&FM") is a California dorporation, with its principal place of business in Woodland Hills, California.

7. Defendant That Patchwork Place, Inc., (now known as Martingale & Co., Inc. and referred to here a "Patchwork") is a Washington corporation, with its principal place of business in Woodinville, Washington. Patchwork is a quilt book publisher that distributes and sells its quilt books in quilt shops and bookstore throughout the United States, including the state of Maryland.

8. Defendant The Greenwich Workshop, Inc. ("Greenwich") is a Connecticut corporation, with its principal place of business in Shelton, Connecticut. Greenwich distributes and sells its art prints in art and gift shops throughout the United States and has authorized dealers located in the State of Maryland.

9. Defendant John Simpkins is a contemporary folk artist and a resident of the state of Oregon.

Beginning of the Movie Project

10. In June 1994, Universal Studios and Amblin began the production and filming of the motion picture *How to Make an American Quilt*.

11. The Movie was based on a 991 Whitney Otto novel of the same name. The plot centers on a young woman, Finn, who spends a summer living in a small California town with her grandmother and great aunt. The visit gives Finn time and space to finish her Master's

thesis and also debate her impending marriage. Finn encounters the women in her grandmother's quilting circle, who are sewing a quilt for Finn as a wedding present. The women reminisce about men, love, and marriage, and the film, primarily through flashbacks, tells the story of each. The wedding quilt, "Where Love Resides," is a unifying plot device because each of the women sews into the quilt a block depicting her own story.

12. As McCormick would later relate in her behind-the-scenes book, *Pieces of an American Quilt*: "[t]he original script called for five quilts, but gave very little description of what they were to look like." (Def. Ex. 43, Patty McCormick, *Pieces of an American Quilt* 11(1996).) McCormick hired several other quilters ("the nonparty quilters") to create the patterns for three of the movie quilts, Marianna;s Baby Quilt, the Grasse Quilting Bee Quilt, and the Crazy Quilt. The contracts between the nonparty quilters and McCormick provide more detailed instructions than the contract with Brown, and do not give copyrights to the nonparty quilters. (*See* Pl. Ex. 13-16.) The final two quilts are at issue in this case.

13. The first is an "African-American story quilt" entitled "The Life Before." One of the characters, Anna, had inherited this quilt as a family heirloom. The movie script (again, based on Otto's novel) described "The Life Before" as

> laid out in fifteen squares which are filled with scenes in native, appliqued form. We see angels blowing trumpets, blazing suns, Adam and Eve and the snake, elephants and giraffes, African warriors doing battle, men and women in chains inside a ship on a choppy sea . . . a scene

with a black bird flying over a man and a woman holding hands.

(Def. Ex. 2 at 2.)

14. The Court had the pleasure of viewing the quilts created by Ms. Brown and the other quilters who worked on the Movie. The quilts are impressive in design and execution.

15. The script describes a "folk art" style similar to the renowned "Bible Quilts" that a former slave named Harriet Powers created in the late 1800's. (*See generally* Def. Ex. 56, Regina A. Perry, *Harriet Powers's Bible Quilts* (1994)).

16. "The Life Before" quilt created for the Movie was made from patterns designed by Brown, pursuant to a contract with McCormick and Universal. Brown's patterns are also done in the "folk-art" style, but are materially different from and, therefore, not copies of Powers' designs.

17. The second quilt at issue is the "Where Love Resides" quilt mentioned above. The infringement claims concern only one of the sixteen component blocks of "Where Love Resides." The contested block is generally referred to as the Marriage Block.

18. As pre-production for the Movie proceeded in August 1994, the studio retained McCormick, then President of the Southern California Council of Quilt Guilds, as a technical consultant. (*See* Def. Ex. 48.)

19. Prior to McCormick's involvement, the studio art department, using the descriptions in the script, had attempted to create quilt patterns for the five movie

quilts. As McCormick explained at trial, however, the studio artists knew practically nothing about quilts, and their designs proved unsatisfactory. Accordingly, the studio asked McCormick to work with the art department in designing or acquiring the necessary quilts. McCormick also consulted on other technical aspects of the Movie so that the quilting scenes would have an authentic look.

20. McCormick turned her attention to "The Life Before" quilt. Although the studio art department had attempted some designs for this quilt, the designs were off the mark. As McCormick would later relate,

> [t]he art department struggled with ["The Life Before"] quilt. Their only reference was the Smithsonian Museum Bible Quilt by Harriet Powers, and everything they designed looked just like that quilt. These five men in the art department who didn't sew or quilt were also not African-American. This quilt was just not coming together for them, and we didn't have a lot of time.

(McCormick, *Pieces of an American Quilt* 26.)

21. At trial, Brown explained another problem with the designs produced by the art department. The proposed designs for "The Life Before" contained many intricate curves and angles, which would have been very difficult to execute in fabric. Only someone with knowledge of quilt-making can design a pattern that can be effectively translated onto a quilt.

Brown's Involvement with the Movie Project

22. In September 1994, McCormick became aware of the work of Brown, an African-American quilt designer

living in Maryland. McCormick telephoned Brown to propose that Brown design patterns for the fifteen quilt blocks of "The Life Before."

23. McCormick explained in the telephone conversation "that the production team wanted a quilt similar to the style of Harriet Powers' Bible Quilt . . . [but] the quilt could not duplicate Powers' Bible Quilts, because they were cultural icons which would be recognized if copied." (Def. Summ. Judg. Motion Ex. C (McCormick Decl. of May 19, 1998 at ¶ 8.))

24. On September 12, 1994, McCormick sent a follow-up letter, reitering that "[w]hat we are looking for is a design similar to [the Harriet Powers "Bible Quilt,"] but it can't look like the Bible Quilt." (Def. Ex. 2.) Although the letter included the pages of the script including the description of "The Life Before" quilt, McCormick referred to the description as "vague." (*Id*)

25. Brown and McCormick spoke again by telephone the following day. In this conversation, McCormick informed Brown that the studio intended to create two copies of "The Life Before." The production team would "age" the quilts for scenes depicting different eras. Brown informed McCormick that she wanted to retain design rights in her patterns. The price for the fifteen patterns was set at $50 per block, for a total of $750. (Pl.'s testimony.)

26. Three days later, Brown submitted to McCormick the first five quilt block patterns. Brown faxed the patterns divided in fourths, along with directions explaining their reassembly.[3] On the bottom right quarter of each of the complete quilt block patterns,

[3] Because each quilt block was 16 inches square, the full size patterns could not be faxed on a standard 8.5" x 11" sheet of paper.

Brown added the notation "© 1994 Barbara Brown." (*See* Def. Ex. 5 & 6.)

27. McCormick took these first few designs to the studio, which "loved" them. (*See* McCormick, *Pieces of an American Quilt* 26.) On September 21, 1994, McCormick called Brown and left an answering machine message; Brown saved the tape. (*See* Pl. Ex. 21.) In the message, McCormick said:

> Barbara, it's Patty McCormick from California . . . I presented your designs yesterday to the studio, and they loved them, overwhelmingly approved them, said go ahead, finish them . . . follow the script on the blocks that you need and use you best judgment for the others and . . . *they approved the fact that you may retain design rights to it* and approved the cost of fifty dollars a block for the design work . . . we'll of course age this quilt. One has to . . . look like about eighty years old. One has to look like about 110 years old . . . or 140 years old.

Id. (emphasis added).)

28. Some weeks later, McCormick mailed to Brown a letter agreement. (*See* Def. Ex. 4.) The agreement, which McCormick had signed and dated October 1, 1994, stated in part:

> As we discussed on the telephone, I will pay you $750.00 to design fifteen 16" (finished) blocks in the style of African American story quilts, circa 1850. Several blocks are described in the script . . . and these descriptions must be replicated in your designs. You may use your own judgement [sic] in creating the remaining

> blocks to best complete the story. *With your permission, two quilts will be made using your designs* and they will be sold to Universal Studios/Amblin Productions for use in the film, "How To Make An American Quilt." Final design approval of these two quilts will be made by the studio. As we agreed, *you will retain all creative rights to the original designs*. By signing and returning the enclosed copy of this letter, you agree to the terms set forth and give permission to use your designs in this project.

(*Id.* (emphasis added).) Brown signed, dated, and returned the agreement to McCormick.

29. Over the following two months, Brown continued to send the completed quilt block patterns to McCormick using the described method of faxing the quilt block patterns in pats. On each of the patterns, Brown included the notation "© 1995 Barbara Brown."

30. Creation of a quilt pattern is the first of many steps in sewing a quilt. After receiving the patterns, McCormick selected fabrics, which required consideration of weave, texture, material, and color. McCormick then took the selected fabrics and the patterns to a third woman, Dora Simmons, who, with some help from McCormick, assembled the quilt blocks and quilt top. (McCormick testimony.) Fabric selection and assembly are integral steps in the creation of the quilt.

31. In December 1994, after Brown inquired about payment, McCormick called and left a recorded message, which Brown again saved. (Pl. Ex. 23.) McCormick explained that the studio would only allow McCormick to bill it for ""the finished product." (*Id*).

32. On March 6, 1995, McCormick mailed Brown a check, along with a thank you letter that noted: "[a[s per our original agreement, the design copyright and ownership of the quilt patterns for 'The Life Before' belong to you; Universal Studios used those patterns with your permission to make the quilt for the movie 'How to Make An American Quilt.'" (Def. Ex. 12.)

33. McCormick's thank you letter contained no mention of the "Where Love Resides" quilt or the use of Brown's designs in any quilt other that "The Life Before." (*See Id.*)

Creation of the Marriage Block

34. Movie Production continued through the winter and spring of 1995. The studio decided to eliminate one of the flashback scenes involving "The Life Before" quilt. Thus, Only one quilt, rather than two, was needed as a prop.

35. In the Movie, each woman in the quilting circle contributed to "Where Love Resides" a block depicting her own life story. McCormick and the studio production department designed the patterns for the blocks. McCormick chose the fabric, arranged the blocks as they would appear on the finished quilt, and did much of the sewing. This litigation involves only one of the blocks, the Marriage Block.

36. In the Movie, one of the quilters, Anna (played by Maya Angelou), was an African-American who owned "The Life Before" quilt as a family heirloom. In designing Anna's block, the Marriage Block, McCormick borrowed the basic design of the Wedding Block in "The Life Before." By doing so, McCormick linked the two quilts thematically and created a fitting block for Anna. McCormick, however, did not obtain Brown's

permission to use Brown's design in another quilt. McCormick, who has no legal training, did not appreciate that she had created a copyright problem. Pursuant to its contract with McCormick, universal expressly relied upon McCormick to obtain the necessary authorizations for any patterns that the production team did not itself make. Indeed, Lawrence Weir, Universal's Director of Feature Production Services, asked the production team whether releases were necessary for the "Where Love Resides" quilt. The production team informed Weir that it was creating the entire quilt so that no releases were needed. (Weir testimony.)

37. The studio needed both finished and unfinished versions of the "Where Love Resides" quilt. Thus, McCormick created two quilt tops including the Marriage Block. (*See* Def. Summ. Judg. Motion Ex. C (McCormick Decl. of May 19, 1998 at ¶ 15).)

38. Both the Marriage Block and the Wedding Block depict "a scene with a black bird flying over a man and a woman holding hands." (*See* McCormick, *Pieces of an American Quilt* 20; Def. Ex. 130.)

39. The Harriet Powers "Bible Quilts" also included blocks depicting two human figures with a large bird overhead.

40. The Marriage Block differs from the Wedding Block in two major respects: (i) in the Marriage Block, the crow points downward rather than upward; and (ii) the Marriage Block includes a figure of the sun not present in the Wedding Block. With these exceptions, however, the Marriage Block is plainly derivative of the Wedding Block.

41. McCormick consulted the Wedding Block before designing the Marriage Block. In her declaration prepared for summary judgment, McCormick states:

> The concept of the Marriage Block, with a man and woman holding hands, a crow and a stylized sun, was created without any input from Plaintiff, before Plaintiff faxed any designs to me. When I joined the production team in August 1994 the production team had viewed pictures of Powers' [s] quilts and had already drawn several versions of the Marriage Block which were on display . . . I viewed the production team's drawings of the Marriage Block, and I consulted those drawings in the preparation of the Marriage Block.
>
> . . . I incorporated the elements and style from the block in "The Life Before" quilt, but updated the expression because it was being incorporated into a 20th Century quilt. *In creating the Marriage Block I consulted the plaintiff's pattern for the wedding block in "The Life Before"* quilt, as well as the patterns for the Marriage Block prepared by the production team. I also consulted more modern folk art sources.

(Def. Summ. Judg. Motion Ex. C. (McCormick Decl. of May 19, 1998 at ¶¶ 6 & 13 (emphasis added)).) McCormick's testimony at trial was substantially similar.

42. McCormick wrote a book, titled *Pieces of an American Quilt*. In it, McCormick flatly started that the Marriage Block is a "duplication" of the Wedding Block:

> The next friendship block is made by

> Anna, the character Dr. Maya Angelou portrays, *I made this block using the pattern Barbara Brown h ad designed for the Marriage block in The Life Before quilt.* Anna owns the family heirloom quilt given to her by her Aunt Pauline, which tells the story of her family and how her grandparents met. *The block in this quilt is a duplication of the Marriage block in The Life Before* quilt.

(Def. Ex. 43; *Pieces of an American Quilt* 20 (emphasis added).)

43. *Pieces of an American Quilt* contains a photograph of the Marriage Block. The caption below the photograph states that the Marriage Block was *"designed by Barbara Brown."* (*Id.* at 21 (emphasis added).)

44. From the above evidence and a physical examination of the two designs, the Court finds that the Marriage Block is substantially similar to the Wedding Block. The Court also finds that McCormick created the Marriage Block by copying the essential design of the Wedding Block.

45. The human and animal figures shown in the two blocks are essential identical. While the fabrics used are different, the two blocks obviously share a common origin.

46. Brown first learned in a telephone conversation with McCormick on June 29, 1995, that McCormick had used Brown's design of the Wedding Block in the design of the Marriage Block.

Premiere of the Movie and its Financial Results

47. The Movie opened to the general public in the United States on October 6, 1995.

48. Throughout the United States, including the State of Maryland, the Movie was advertised in newspapers and on television and distributed for viewing at movie theaters and, subsequent to its theatrical release, on cable television.

49. Universal Studios released the home video of the movie, *How to Make an American Quilt*, in April 1996.

50. As of September 26, 1998, Universal had received $29,117,120 in gross revenue from the display of *How to Make an American Quilt* in theaters, on videocassettes, and on cable television, both domestically and abroad. (Def. Ex. 66.)

51. Also as of September 26, 1998, Universal had incurred $28,836,827 in distribution expenses and $29,620,190 in production costs for *How to Make an American Quilt*, (*Id.*) Thus, Universal's total cost of more than $ 50 million substantially exceeds its revenue. Accordingly, the Court finds that the Movie produced no profits for Universal.[4]

52. Amblin received a fee of $2,000,000 for its services producing the movie, *How to Make an American Quilt*. (*See* Stipulation No. 1.)

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[4] At trial, Brown sought to dispute certain of the categories listed on the accounting statement produced by Universal. Even had the Court accepted the points raised by Brown, the disputed figures would not affect the finding that Universal lost substantial money on the Movie.

Merchandising Efforts

53. In the summer months of 1995, with the Movie set to open in theaters in early October, the studio's consumer products division, MCA/Universal Merchandising, Inc. began licensing rights for movie tie-in items.

54. On July 20, 1995, Universal Merchandising signed a merchandising representation agreement with defendant Marketing and Financial Management Enterprises, Inc. ("M&FM"). M&FM agreed to solicit and supervise merchandising license agreements for the Movie. (Def. Ex. 13.)

55. The allegations in the complaint relate to three merchandising/promotional efforts in particular: (i) a book produced by Defendant Patchwork, (ii) an art print produced by Defendant Greenwich, and (iii) promotional t-shirts and tote bags produced by Defendants Universal and M&FM.

(i) *Where Love Resides*

56. On November 8, 1995 Patchwork and universal Merchandising signed an agreement (retroactive to October 24, 1995) licensing Patchwork to produce an inspirational style book, entitled *Where Love Resides: Reflections on Love and Life*. (*See* Def. Ex. 29.)

57. The book contained "stills" and quotations from the Movie as well as photographs of several of the movie quilts. Counts XI-XIV are based on the inclusion of several photographs of the Marriage Block, both by itself and as part of the "Where Love Resides" quilt. (*Id.*)

58. In January 1996, Mimi Dietrich of Catonsville,

Maryland notified Patchwork that Barbara Brown objected to the inclusion of photographs of her quilt block designs in the *Where Love Resides* book. (*See* Def. Ex. 84.)

59. Patchwork immediately contacted Universal and received assurances that it could safely proceed with publication. Universal represented that it would resolve the dispute as to who held the copyrights to the quilts used in the Movie. (*See* Def. Ex. 35.)

60. Patchwork printed an initial run of 50,000 copies of the *Where Love Resides* book. The book did not sell well and lost money ($209,976) for Patchwork. (*See* Def. Ex. 65.)

61. Under the licensing agreement, Universal Merchandising was to receive an advance fee of $30,000 from Patchwork, with a guarantee of $60,000. (*See* Def. Ex. 29 at 2.)

62. Neither Brown's name nor the names of any of the quilters who designed and made quilts for the Movie were credited in the *Where Love Resides* book.

63. *Where Love Resides* contains photographs of quilts created from Brown's copyrighted patterns. Brown's work is clearly recognizable and forms a significant part of the book.

(ii) *Greenwich Painting*

64. As of April 4, 1995, Greenwich had already entered into a merchandising license agreement with Universal. Under the terms of the agreement, Greenwich was licensed to produce an original painting, to be created by artist John Simpkins. From the

painting, Greenwich was to make and market a limited edition of reproductions. (Def. Ex. 15.)

65. In May 1995, Greenwich entered into an agreement with Simpkins. Counts XVI-XIX of the amended complaint relate to the creation of Simpkins original painting and the limited edition reproductions.

66. The painting was to "symbolize" the Movie. Before starting work, Simpkins read Otto's novel and the movie script; he also watched the Movie. Greenwich instructed Simpkins that the quilt pictured in the painting had to evoke the Movie and the quilts.

67. In the painting, a small rendition of the "Where Love Resides" quilt occupies the center of the composition. At the top of the print is a large house set against a background of sky and mountains. At the bottom is a white picket fence and a road on which a van is parked. Surrounding the quilt is a green lawn, with four apple trees. In relation to these compositional elements, the quilt is of minor importance.

68. As depicted in the print, the quilt's blocks are difficult to see individually. Each block is only a square inch in size. Thus, the Marriage Block is recognizable only upon close examination.

69. Simpkins shipped the completed painting to Greenwich in August 1995, and the limited edition reproductions based on the painting were printed and first offered for sale in September 1995.

70. Greenwich advertised 2,000 copies of the print. The first 1,000 copies, called the Premier Edition, were priced at $450 a piece. These copies were numbered, and signed by the artist as well as the film's director,

producer, and stars. (Meskill testimony.) Greenwich offered the second 1,000 copies, the Studio Edition, for $225.00 each. The Studio Edition prints were numbered and signed only by the artist.

71. Greenwich advertised the limited edition art prints in a national magazine. The advertisement included a photograph of the print. (*See* Pl. Ex. 58.)

72. Greenwich continues to offer for sale the *Where Love Resides* art print. Out of 2,000 prints produced, fewer than 200 had been sold as of May 1999. (*See* Def. Ex. 45 and Meskill testimony.)

73. As of September 10, 1997, Greenwich had received $27,787,50 in gross revenue from sales of the art print and incurred $92,734.51 in expenses. Fewer than ten prints have been sold since that date. Greenwich has not and will never earn a profit on the art print project.

74. Greenwich paid Universal $25,000 as a license fee in return for permission to create and sell the original Simpkins painting and the prints made from it. (*See* Def. Ex. 15.)

75. As of May 31, 1997, Simpkins had received an $11,000 commission on the sale of the *Where Love Resides* painting and $4,168.51 in royalties for sales of the *Where Love Resides* art prints. (*See* Def. Ex. 16.)

76. The Court finds that the Marriage Block is a *de minimis* part of the fine art print.

(iii) *Houston Festival and Promotional Items*

77. In early November 1995, McCormick attended the

International Quilt Festival in Houston, Texas, and worked in M&FM's exhibit booth, at which M&FM displayed both the finished and unfinished copies of the "Where Love Resides" quilt. The two "Where Love Resides" quilts and "The Life Before" quilt were displayed in Houston, Texas with the permission of Universal Merchandising.

78. As giveaways to promote the movie, Universal Pictures created and distributed t-shirts and tote bags depicting the "Where Love Resides" quilt. (*See* Pl. Ex. 91, 91, & 190; Siuta Testimony.)

79. The t-shirts and tote bags were given away and not sold. Accordingly, no profit was produced. Universal and M&FM spent money producing the t-shirts and tote bags just as they spent money advertising the Movie.

Initial Disputes over Intellectual Property Rights

80. As discussed, Universal entered into written contracts with McCormick, Brown, and the nonparty quilters. Universal was under the impression that it had obtained all necessary releases for use of the quilts in the Movie, promotional items, and tie-in items. Ideally, the contracts and releases would have clearly delineated all intellectual property rights with respect to the quilts and the quilt designs. Unfortunately, the contracts were unsuccessful in forestalling a series of disputes and misunderstandings that centered primarily on the tie-in projects.

81. In addition to the tie-ins heretofore described, McCormick proposed to write a book, *Pieces of an American Quilt*, detailing her experiences working as a technical consultant on the Movie. Under McCormick's

contract, Universal's permission was explicitly required, and Universal initially refused. McCormick countered by asserting that (i) Universal's permission was not required to publish the book, (ii) Universal required the permission of McCormick, Brown, and the nonparty quilters to publish Patchwork's book, *Where Love Resides*, and (iii) McCormick threatened to withhold permission for Patchworks book unless Universal sanctioned her book. (*See* Def. Ex. 111.)

82 To research McCormick's contentions, Michelle Katz, the Vice President of the General Counsel of Universal Merchandising, wrote a series of letters to Brown, McCormick and the nonparty quilters in January 1996 to determine which individuals held the intellectual property rights in the quilts and quilt designs. (*See* Def. Ex. 35-38.) Rather than clarifying the rights at issue, Katz unearthed a welter of conflicting claims and demands, many of which persisted through the trial.

83. Brown contended that she held the copyrights to the designs used in "The Life Before" quilt and in the Marriage Block. In fact, on January 16, 1996, Brown filed a copyright registration application for her quilt block patterns. (*See* Def. Ex. 140.)

84. McCormick disputed Brown's rights and contended that she held the copyrights to "The Life Before" and the "Where Love Resides" quilts. McCormick filed copyright registration applications for both quilts on January 11, 1996. (*See* Def. Ex. 25 & 26.)

85. In March 1996, McCormick entered an agreement with Universal Merchandising allowing her to publish *Pieces of an American Quilt*. In exchange, McCormick released all of her rights in connection with the

publication of *Where Love Resides*. (*See* Def. Ex. 91.) Universal, however, did not obtain a separate release from Brown.

86. In February 1996, Brown entered an agreement with McCormick's publisher, C&T Publishing, authorizing C&T to use photographs of "The Life Before" and the Marriage Block in *Pieces of an American Quilt*. In exchange, Brown received a royalty and an advertisement for her patterns. (*See* Def. Ex. 41.) McCormick also obtained releases from the nonparty quilters.

87. Although Brown and McCormick resolved their differences over *Pieces of an American Quilt*, disputes concerning McCormick's efforts to publicize the book persisted. In June 1996, Brown corresponded with McCormick, demanding that McCormick cease displaying "The Life Before" and the "Where Love Resides" quilts at craft shows and in advertisements for *Pieces of an American Quilt*. Brown sent a copy of her demand letter to Universal Merchandising.

88. Because McCormick received permission from Brown to display in the book the quilts created from Brown's patterns, McCormick believed she was entitled to publicize the book. In addition, McCormick considered herself a joint creator. McCormick therefore refused to comply with Brown's demands.

89. During the summer and fall of 1996, McCormick conducted a publicity tour for her book, which included an appearance on a cable program, "Handmade by Design," and a cable quilting program, "Simply Quilts." While on these cable programs, McCormick displayed and discussed "The Life Before." These appearances are the subject of Count XX of the amended complaint.

90. Amblin had custody of and owned the quilts. When McCormick wanted to display the quilts, she obtained them from Jerry Schmitz of Amblin. (McCormick testimony.)

91. When the parties were unable to resolve the outstanding disputes as to the rights to the movie quits, the present litigation ensued in November 1996.

CONCLUSIONS OF LAW

1. This Court has jurisdiction under 28 U.S.C. §§ 1331 and 1338(a).

2. To establish a claim for copyright infringement, a plaintiff must demonstrate (i) ownership of a valid copyright, and (ii) copying of the :original: elements of the work. *See Feist Publication, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361, 111 S.Ct. 1282, 113 L.Ed.2d 358 (1991).

3. A certificate of copyright registration constitutes prima facie evidence of the validity of the certificate and the facts stated in the certificate. *See M. Kramer Mfg. Co. v. Andrews*, 783 F.2d 421, 434 (4th Cir. 1986). In this case, Brown registered a copyright for the fifteen quilt block patterns constituting "The Life Before" quilt in January 1996. (*See* Def. Ex. 140.) The Court concludes that Brown's designs were copyrightable.

4. To be subject to copyright, a work must be "original." 17 U.S.C. § 102 (a); *see Feist*, 499 U.S. at 345-47. As the Supreme Court stated in *Feist*:

> The *sina qua non* of copyright is originality. To qualify for copyright protection, a work must be original to the author. Original, as the term is used in copyright, means only that

> the work was independently created by the author (as opposed to copied from other works), and that it possesses at least some minimal degree of creativity. To be sure, the requisite level of creativity is extremely low; even a slight amount will suffice. The vast majority of works make the grade quite easily, as they possess some creative spark, 'no matter how crude, humble or obvious' it might be. Originality does not signify novelty; a work may be original even though it closely resembles other works so long as the similarity is fortuitous, not the result of copying.

Feist, 499 U.S. at 345 (citations omitted).

5. On this standard, the Court finds that Brown's designs are "original" and therefore subject to copyright. Brown created the designs herself; although the script gave descriptions of some of the elements for the designs, these descriptions were "vague," and McCormick instructed Brown to use her own judgment in creating the actual designs. Furthermore, McCormick repeatedly cautioned Brown not to create copies of the Harriet Powers "Bible Quilts"; for the studio's purposes, Brown's designs needed to be, in a word, original.

6. To establish unauthorized copying, a plaintiff must establish copying in fact and "substantial similarity between the copy and the plaintiff's original. *See, e.g., Ringgold v. Black Entertainment Television, Inc.*, 126 F.3d 70, 74-75 (2d Cir. 1997).

7. In practice, however, these two elements frequently merge, because a plaintiff may establish copying in fact either: (i) by providing direct evidence

of copying; or (ii) by providing circumstantial evidence of copying that demonstrates the defendants' access to her work and "substantial similarity" between the works. *Ferguson v. NBC*, 584 F.2d 111, 113 (5th Cir. 1978).

8. Regarding the Marriage Block in "Where Love Resides," Brown has established that Universal and McCormick copied her design for the Wedding Block. McCormick herself admits in *Pieces of an American Quilt* that the design for the Marriage Block in "Where Love Resides" is Brown's design and that McCormick copied the Wedding Block when creating the Marriage Block.

9. McCormick's testimony further bolsters the conclusion that she copied "original" material from Brown's designs; McCormick made a point of noting in her narrative how unsatisfactory earlier attempts at a design for this block had been, notwithstanding the availability of the "Bible Quilts" and other designs. It was only after McCormick consulted Brown's Wedding Block that she achieved a satisfactory design for the Marriage Block.

10. As described earlier, the idea of two figures with a bird flying overhead is not copyrightable. A particular and distinctive expression of that idea, as was created by Brown for the Wedding Block, however, can be copyrighted. Rather than asking Brown to create a separate Wedding Block for inclusion in "Where Love Resides," McCormick appropriated Brown's design without authorization or additional compensation."

11. From this evidence and from an examination of the two blocks, the Court concludes that the design of the Marriage Block resulted from coping the original elements in the Wedding Block from "The Life Before."

12. Whether a defendant's work is substantially similar to a plaintiff's work and infringes a copyright depends upon similarity of expression rather than similarity of idea; the latter is not protected by copyright law. 17 U.S.C. § 102 (b).

13. A defendant's work is "substantially similar" to a protected work when an ordinary observer would conclude that the defendant's work was taken from the copyrighted source. *Robert R. Jones Assoc., Inc. v. Nino Homes*, 686 F.Supp. 160 (E.D. Mich. 1987), *aff'd*, 858 F.2d 274 (6th Cir. 1988). Thus, expert testimony is not required. *Testa v. Janssen*. 492 F.Supp. 198 (W.D. Pa. 1980).

14. This test focuses on the overall similarities, rather than the minute differences between the two works, and exact reproduction or near identity is not required to establish infringement. *Atari, Inc. v. North Am. Philips Consumer Elec. Corp.*, 672 F.2d 607, 618 (7th Cir.). *cert denied*, 459 U.S. 880, 103 S.Ct. 176, 74 L.Ed.2d 145 (1982).

15. McCormick reversed the alignment of the crow and added a sun. These differences, however, do not affect the conclusion that McCormick copied the majority of the Marriage Block from Brown's copyrighted design.

16. Brown has established copyright infringement of her Wedding Block design by both direct and circumstantial evidence.

Defenses Raised Do Not Excuse Infringement

17. That some of the elements in Brown's design resemble the "Bible Quilts" or other artistic works in the public domain does not undermine Brown's copyright

registration.

18. Defendants argue that the contract language permitted them to use the Wedding Block in two quilts. The contract states: "with your permission, two quilts will be made using your designs . . . ." According to the defendants, this language permitted them to use the Wedding Block in "The Life Before" and in "Where Love Resides." (*See* Def. Ex. 4.)

19. The defendants' argument hinges on the legal effect of the language quoted immediately above. According to the defendants, the contract is clear, meaning that parole evidence is inadmissible and that Universal was free to create any two quilts they wished using all, part, or none of Brown's designs.

20. Brown disputes this interpretation. According to Brown, the contract entitled Universal to make two copies of "The Life Before." As explained by McCormick, two quilts were needed because one would appear new and the other would be aged to appear more than 100 years old.

21. The Court finds that the contract language is ambiguous. When contract language is ambiguous, meaning that it is susceptible to different reasonable interpretations, it is for the trier of fact to determine the proper interpretation. *See, e.g., Shapiro v. Massengill*, 105 Md.App. 743, 661 A.2d 202, 208, *cert. denied*, 668 A.2d 36 (1995).

22. Weighing the testimony of Brown and McCormick, together with the evidence, the Court accepts Brown's interpretation. It is clear that the term "two quilts" refers to the two copies of "The Life Before" to be used in difference flashback scenes in the

Movie. The agreement permitted Universal to make two copies of "The Life Before"; it did not authorize Universal to use Brown's designs in two different quilts.[5]

23. The defendants argue, in the alternative, that their participation in the creation of the quilts places them, and other non-parties who worked on the quilts, in the position of joint authors with Brown.

24. This argument was extensively addressed in the Court's summary judgment memorandum. *See Brown v. McCormick*, 23 F.Supp. 2d 594 (D. Md. 1998). The Court adopts the reasoning stated in that opinion.

25. The agreement with Brown specifically gave permission for the Wedding Block to be used in two quilts of "The Life Before." The agreement contemplated that Brown would contribute the patterns and that others would assemble the quilt. The defendants' argument would in effect nullify the contract by permitting McCormick and Dora Simmons, as joint authors, to license the designs to others. Such an interpretation is clearly wrong. The defendants were permitted to use the patterns solely for the specific purpose stated in the contract; to wit, two copies of "The Life Before." Any other use required Brown's permission.

26. Further, with regard to the Marriage Block, the defendants' argument is utterly without merit. The statute states that "[a] 'joint work' is a work prepared by two or more authors with the intention that their

[5] This factual dispute is not close. The defendants' interpretation of the agreement is strained and unnatural. In addition, Defendants' interpretation clearly contradicts the conversations between McCormick and Brown conducted over the telephone and through letters.

contributions be merged into inseparable or interdependent parts of a unitary whole." 17 U.S.C. § 101. Brown had no knowledge that her work was to be copied to form the basis for the Marriage Block. Accordingly, it is impossible that Brown intended her work to be merged into a greater composition and she cannot be considered to be a joint author along with the other contributors to "Where Love Resides."

27. The Court finds that the defendants are not joint authors with respect to the Marriage Block or "The Life Before." They are, therefore, liable for infringement of Brown's copyright through those two works.

28. The Court will now turn to Brown's specific allegations of copyright infringement as set forth in the amended complaint.

a. Counts I and II

Count I alleges that McCormick infringed Brown's Wedding Block design through the creation of the Marriage Block for "Where Love Resides." The Court finds that McCormick is liable for this infringement. Count II is an alternative source of relief for Brown if she did not prevail in Count I. Count II alleges that McCormick used Brown's design more times than Brown had given permission. Count II is, therefore, duplicative, and will be dismissed as moot.

b. Count III

Count III alleges that McCormick infringed all of Brown's designs by displaying "The Life Before" and "Where Love Resides" at exhibitions. Brown gave permission solely for the use of the patterns for "The Life Before" in the Movie. This permission extended to the

use of "The Life Before: for promotional and marketing purposes; it did not, however, extend to McCormick's private use of the quilt at exhibitions. The Court, therefore, finds McCormick liable under this count with respect to "The Life Before." As the Court previously sated, "Where Love Resides" incorporates Brown's copyrighted Wedding Block. Any display of "Where Love Resides" is an infringement. Thus, the Court finds McCormick liable for the display of "Where Love Resides" at the exhibitions.

c. Counts IX and X

Counts IX and X allege that Universal, M&FM, and McCormick infringed Brown's Wedding Block by imprinting "Where Love Resides" on t-shirts and tote bags distributed to promote the Movie. Because the Court finds that Defendants infringed Brown's Wedding Block through the display of the "Where Love Resides" quilt in the Movie, the Court also finds the defendants liable for the display of "Where Love Resides" on promotional items.

d. Counts XI-XIV

Counts XI-XIV allege that Universal, M&FM, and Patchwork infringed all of Brown's designs through display of the two quilts in the *Where Love Re-sides* book. The Court finds that the book was not a promotion for the Movie. Because Brown gave permission for the use of her patterns solely in the Movie, the display in the book, of quilts based on Brown's patterns, was not licensed. The Court, therefore, finds these defendants liable under Counts XI-XIV.

e. Counts XVI-XIX

Counts XVI-XIX allege that MCA, M&FM, Greenwich, and Simpkins infringed Brown's Wedding Block design through the rendering of "Where Love Resides" in the original Simpkins painting and in the Greenwich print. As discussed above, the Marriage Block constitutes a de minimis fraction of both works; it is recognizable only upon close inspection. According- ly, the Court finds that these defendants did not in- fringe Brown's Wedding Block in the creation of the painting and the print. Similarly, the Court finds that the advertisements showing a picture of the print did not infringe Brown's Wedding Block. The defendants are, therefore, not liable under these counts.

f. Count XX

Count XX alleges that McCormick infringed all of Brown's designs by displaying "The Life Before" and "Where Love Resides" on cable television programs. Similar to the Court's finding as to Count III, the Court finds that Brown's permission for use of the patterns did not extend to McCormick's private use of the quilts on cable television programs. The Court therefore finds McCormick liable under this count.

g. Counts XXIV-XXV

Counts XXIV-XXV allege that Universal and Amblin infringed Brown's Wedding Block through the display of "Where Love Resides" in the Movie. As discussed, the Court finds that Universal and Amblin infringed Brown's Wedding Block. Universal and Amblin are, therefore, liable to Brown for her share of any profits derived from use of the block in the Movie.

Defendants' Infringement was not Willful

29. The Court finds that none of the infringements committed by any of the defendants was willful. A determination of willfulness requires the infringer to have acted with actual "knowledge that his conduct constituted infringement or . . . reckless disregard for the owner's rights." *Microsoft Corp. v. Grey Computer*, 910 F.Supp. 1077, 1091 (D.Md. 1995); *see also N.A.S Import, Corp. v. Chenson Enterprises, Inc.*, 968 F.2d 250, 252 (2d Cir. 1992).

30. Brown produced some evidence that she characterized as demonstrating willful violations by McCormick. Each pattern that McCormick received from Brown was clearly marked with the notation "© 1994 Barbara Brown." In the very letter agreement that she drafted, McCormick acknowledged that Brown retained the creative rights to her patterns. Brown alleges that McCormick ignored all of Brown's warning letters and continued to display publicly the disputed Marriage Block even after suit was filed. As a non-lawyer, however, McCormick did not understand the complexity of copyright law.

31. Brown also argues that Universal, Amblin, Greenwich, and Simpkins did not, upon receiving Brown's demand letter of January 1996, voluntarily stop their infringement. Instead, they proceeded with the distribution and sale of the infringing *Where Love Resides* book.

32. The Court finds that the defendants were careless in their use of Brown's designs, but not willful. Throughout production of the Movie, Universal diligently sought to ensure that all of the copyright bases were covered. In the flurry of production, however,

Universal delegated to McCormick, a non-lawyer, the task of securing permission from Brown to use Brown's patterns. Universal's regular practice was to secure a complete release of artistic rights from prop makers such as Brown. (Weir testimony.) The contract drafted by McCormick, however, effected only an am- biguous and limited release, which created legitimate confusion as to Universal's rights. (See Def. Ex. 35-38). In contrast to those cases in which courts have found willful infringements, the defendants here do not have a track record of intentionally infringing others' works. *See, e.g., Religious Technology Center v. Lerma*, 40 U.S.P.Q.2d 1569, 1581 (E.D.Va. 1996); *Microsoft Corp.*, 910 F.Supp. at 1091; *Dae Han Video Productions Inc. v. Chun, 1990 WL 265976*, 17 U.S.P.Q.2d 1306, 1313 (E.D.Va. 1990). Had Universal obtained the releases from Brown itself, rather than relying on McCormick, this entire litigation would have been avoided.[6] Universal is guilty of sloppiness, but not willful infringement.

33. Having found that some infringement did occur, the Court now turns to the appropriate damages.

a. Counts I-II

The Court found McCormick liable for the infringement alleged in Count I. The Court awards to Brown in actual damages $50, which is the amount she would have received for creating an additional pattern. Be- cause McCormick did not earn any profits for the Marriage Block, there are no profits to share. The Court will grant judgment in McCormick's favor as to Count II, which is duplicative.

---

[6] As was its practice, Universal's legal department would have foreseen the ancillary uses of Brown's copyrighted patterns and provided for those uses as well.

b. Count III

The Court found McCormick liable for the infringement alleged in Count III. Because Brown did not suffer actual damages and McCormick did not earn any profits from McCormick's display of "Where Love Resides" at exhibitions, the Court awards nominal damages of $1.

c. Counts IX & X

The Court found the defendants liable for the infringement alleged in Counts IX and X. Because Brown did not suffer actual damages and Defendants did not earn any profits from the merchandising of the Movie, the Court does not award Brown any damages for this infringement. The Court further finds that statutory damages are not available for this infringement.

d. Counts XI-XIV

The Court found Defendants Universal Merchandising, M&FM, and Patchwork liable for the infringing *Where Love Resides* book. For this copyright infringement, Brown has elected to recover statutory damages. The Court awards Brown statutory damages in the amount of $500 per infringement of each of Brown's 14 copyrighted patterns[7] for a total of $7000.

e. Counts XVI-XIX

The Court found that the *Where Love Resides* painting and fine art prints do not infringe Brown's copyright. Accordingly, judgment will be entered in favor of the

[7] Brown is not entitled to statutory damages for infringement of the Wedding Block in "The Life Before." *See* 17 U.S.C. § 412. Statutory damages is therefore appropriate solely for the fourteen remaining blocks of "The Life Before."

defendants on Counts XVI-XIX of the amended complaint.

f. Count XX

The Court found McCormick's unauthorized display of "The Life Before" on cable television programs. For these instances of copyright infringement, Brown has elected to recover statutory damages. The Court awards Brown statutory damages in the amount of $7000, or $500 for each of the 14 patterns infringed.

g. Counts XXIV-XXV

As described above, Brown is entitled to an allocated share of any profits earned by the defendants for use of the Marriage Block in the Movie. Universal lost money on the Movie, so there are no profits to share. Amblin received a production fee of $2 million, which the Court finds to be the appropriate measure from which to calculate Brown's damages. The defendants' expert testified that the value of Brown's contribution to the Movie through the Marriage Block was .0001176% of the total value of the Movie. (*See* Def. Ex. 67 at 13.) The Court accepts this testimony and awards Brown .0001176% of Amblin's $2 million in profits, or $2.35.

Conclusion

By creating and displaying the Marriage Block, Defendants infringed Brown's copyrighted designs. Further, Defendants should have obtained Brown's authorization prior to displaying "The Life Before: for purposes not directly related to the Movie. Because Defendants' actions did not constitute willful infringements, however, Brown's award amount is limited to actual and statutory damages.

APPENDIX C

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND

BARBARA BROWN, Plaintiff,	:	
v.	:	Civil No. L-96-3450
PATRICIA A. McCORMICK, et al.,	:	
Defendants.	:	

ORDER

This action came before the Court for a non-jury trial. For the reasons set forth in a Memorandum of even date,

IT IS SO ORDERED AND ADJUDGED that

(a) Judgment is entered in favor of the plaintiff on Count I of the complaint, and Plaintiff is awarded damages of $50;

(b) Judgment is entered in favor of Defendant McCormick on Count II;

(c) Judgment is entered in favor of the plaintiff on Count III, and nominal damages of $1 is awarded to the plaintiff;

(d) Judgment is entered in favor of the defendants on Counts IX and X;

(e) Judgment is entered in favor of the plaintiff on Counts XI-XIV; the plaintiff has elected statutory

damages on these claims; the Court award $7000 in statutory damages against Defendants Universal Merchandising, M&FM and Patchwork.

(f) Judgment is entered in favor of the defendants on Counts XVI-XIX;

(g) Judgment is entered in favor of the plaintiff on Count XX; the plaintiff is awarded statutory damages in the amount of $7000;

(h) Judgment is entered in favor of the plaintiff on Counts XXIV and XXV and the plaintiff is awarded damages of $2.35;

(i) Plaintiff's requests for attorney's fees and injunctive relief are DENIED; and

(j) the Clerk of the Court is DIRECTED TO CLOSE the case.

IT IS SO ORDERED this 7th day of March, 2000.

"s/Benson Legg"
Benson Everett Legg
United States District Judge

APPENDIX D

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

NO. 00-1476
CA-96-3450-L
Filed: February 12, 2001

BARBARA BROWN,

Plaintiff - Appellant,

v.

PATRICIA A. MCCORMICK; MCA/UNIVERSAL MERCHANDISING, INCORPORATED, a/k/a Universal Studios Consumer Products, Incorporated; THE PATCHWORK PLACE, INCORPORATED; THE GREENWICH WORKSHOP, INCORPORATED; JOHN SIMPKINS; MARKETING AND FINANCIAL MANAGEMENT ENTERPRISES, INCORPORATED; UNIVERSAL CITY STUDIOS, INCORPORATED; AMBLIN' ENTERTAINMENT, INCORPORATED,

Defendants - Appellees,

and

WELLER/GROSSMAN PRODUCTIONS, INCORPORATED; HOME AND GARDEN TELEVISION, a/k/a HGTV, a subsidiary of the E.W. Scripps Company,

Defendants.

ON PETITION FOR REHEARING AND REHEARING EN BANC

The appellant's petition for rehearing and rehearing en banc ws submitted to this Court. As no member of this Court or the panel requested a poll on the petition for rehearing en banc, and

As the panel considered the petition for rehearing and is of the opinion that it should be denied,

IT IS ORDERED that the petition for rehearing and rehearing en banc is denied.

For the Court,

/s/ Patricia S. Connor
Clerk

Supreme Court, U.S.
FILED
JUN 14 2001
OFFICE OF THE CLERK

No. 00-1704

In The

Supreme Court of the United States

BARBARA BROWN,

Petitioner,

v.

PATRICIA A. McCORMICK, et al.,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Fourth Circuit

RESPONDENTS' BRIEF IN OPPOSITION

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OR CALL COLLECT (402) 342-2831

CORPORATE DISCLOSURE STATEMENT PURSUANT TO RULE 29.6

Amblin' Entertainment, Inc. has no parent corporation. There is no publicly held company that owns 10% or more of the stock of Amblin' Entertainment, Inc.

Universal City Studios, Inc. and Universal Studios Consumer Products, Inc. are directly wholly owned by Universal Studios, Inc. Universal Studios, Inc. is indirectly ultimately owned 92% by Vivendi Universal S.A., and 8% by Matsushita Electric Industrial Co., Ltd., both of which are publicly held.

Marketing and Financial Management Enterprises, Inc. has no parent corporation. There is no publicly held company that owns 10% or more of the stock of Marketing and Financial Management Enterprises, Inc.

That Patchwork Place, Inc. (now known as Martingale & Co., Inc.) has no parent corporation. There is no publicly held company that owns 10% or more of the stock of That Patchwork Place, Inc. (now known as Martingale & Co., Inc).

The parent corporation of The Greenwich Workshop, Inc. is Hallmark Cards, Inc. There is no publicly held company that owns 10% or more of the stock of The Greenwich Workshop, Inc.

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STATUTES:

17 U.S.C. § 504(b) 3, 4, 8

I.

REASONS FOR DENYING THE WRIT

Neither the record below nor the decision below raises the questions presented by the Petition. Petitioner's first question is whether the District Court should have awarded Petitioner all of the profits realized by Respondent Amblin' Entertainment, Inc. ("Amblin' ") from the motion picture *How to Make an American Quilt* (the "Picture"), after finding that the fleeting use of Petitioner's quilt block pattern in a motion picture prop was infringing. Petitioner bases this question solely on Petitioner's argument that the apportionment of profits testimony of expert witness Arnold Margolin was offered exclusively on behalf of Respondent Universal City Studios, Inc. ("Universal"). Petitioner cites no support in the record for her claim that Margolin's testimony was offered only on behalf of Universal, because there is none. Amblin' and Universal, the producers of the Picture, presented Margolin as an expert witness on the value of Petitioner's pattern to any profits realized from the Picture. The trial court applied Margolin's analysis to profits generated by Amblin' from the Picture. Margolin never testified, either in his report or during his testimony, that his analysis applied only to Universal's profits. Moreover, Respondents argued at trial that Margolin's analysis applied to Amblin's profits, and Petitioner did not object at trial to the application of Margolin's testimony to Amblin's profits.

Petitioner's second question is whether the District Court erred in admitting Margolin's testimony under *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579,

113 S.Ct. 2786, 125 L.Ed.2d 469 (1993), and *Kumho Tire Co., Ltd. v. Carmichael*, 526 U.S. 137, 119 S.Ct. 1167, 143 L.Ed.2d 238 (1999). This question is based upon Petitioner's argument that the District Court did not perform a relevancy and reliability assessment before accepting Margolin's testimony. Again, Petitioner's issue is not presented here. The record reflects that the District Court considered Margolin's expertise and methodology, heard argument from counsel regarding the admissibility of Margolin's testimony, and reviewed authorities cited by counsel, before affirming his ruling that he would accept Margolin's testimony. The type of expert testimony on apportionment of profits submitted by Margolin was approved by this Court in *Sheldon v. Metro-Goldwyn Pictures Corporation*, 309 U.S. 390, 60 S.Ct. 681, 84 L.Ed. 825 (1940). The record reflects that the District Court fully complied with this Court's holdings in *Daubert* and *Kumho* regarding the broad latitude permitted to District Courts in determining the relevancy and reliability of such expert testimony.

II.

STATEMENT OF FACTS

Respondents Amblin' and Universal produced the motion picture *How to Make an American Quilt*.[1] (FF 3, 4,

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[1] Because there is no support in the record for her argument that Margolin's testimony was offered exclusively on behalf of Universal, Petitioner attempts to draw distinctions between Amblin' and Universal which Petitioner fails to explain or substantiate. (Nor does Petitioner explain why such distinctions, if valid, would have any significance to the application of Margolin's analysis.) For example, Petitioner

10; Pet. Appendix B-6, B-7) The script for the Picture called for certain quilts, including two quilts entitled "The Life Before" and "Where Love Resides." Patricia McCormick, the technical consultant for the Picture, commissioned Petitioner to create patterns for fifteen blocks for "The Life Before" quilt. Petitioner set the price for her patterns at $50 per block. One of the patterns created by Petitioner for "The Life Before" quilt was the Wedding Block pattern. McCormick subsequently used the Wedding Block pattern to create another block entitled the Marriage Block, which McCormick incorporated into the "Where Love Resides" quilt. (FF 12, 13, 15, 17, 18, 22-25, 30, 35-42; Pet. Appendix B-8 to B-17) The Marriage Block

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attempts to distinguish between the two Respondents by characterizing Amblin' as the "film production company" and Universal as the "film studio company" (Petition, p. 2). This distinction is not based upon any citation to the record and is contrary to the District Court's Findings. The District Court found that both Amblin' and Universal were motion picture producers (Finding of Fact ("FF") 3 and 4; Appendix B-6 to the Petition ("Pet. Appendix")), and that both Amblin' and Universal produced and filmed the Picture. (FF 10; Pet. Appendix B-7) Furthermore, the District Court referred interchangeably to both Amblin' and Universal as the "studio" and did not refer to either entity as the "film production company." (See FF 18, 19, 20, 25, 27, 31, 34, 35, 37, 53; Pet. Appendix B-9 to B-19) Similarly, Petitioner's argument that Margolin's analysis did not apply to Amblin's profits because Respondents cited case law regarding gross revenues or gross receipts (Petition, p. 10) is unavailing. The District Court found that Amblin's production fee constituted gross revenue from the Picture under 17 U.S.C. § 504(b); absent that finding, the District Court could not have awarded Petitioner any portion of Amblin's production fee.

appeared for approximately 50 seconds, usually as background, in the approximately two-hour Picture (Trial Transcript ("TT") [5/27/99] 117). The Picture was the product of the contributions of hundreds of people and the investment of over $50,000,000 (FF 51).

At trial, Petitioner sought to recover a portion of the profits generated by Respondents Universal and Amblin' from the Picture under 17 U.S.C. § 504(b). Pursuant to Section 504(b), Petitioner introduced evidence of Universal's and Amblin's gross revenues from the Picture. Respondents offered the testimony of expert witness Arnold Margolin, a producer, to testify regarding the elements of profit of the Picture attributable to factors other than the copyrighted work. This Court has expressly recognized that producers are appropriate expert witnesses to testify to "the elements of profit attributable to factors other than the copyrighted work" under Section 504(b).

Margolin testified to his experience in the motion picture and television industry as a professional producer since 1965. Respondents offered Margolin as an expert "with respect to the value of the contribution of Petitioner's block to the motion picture at issue." (TT [5/27/99] 42:9-11) Petitioner conducted voir dire of Margolin. Following voir dire, Petitioner objected to Margolin's testimony based "upon the *Daubert v. Merrell Dow* case and then the later case of *Kumho Tire v. Carmichael.*"[2]

---

[2] The *Daubert/Kumho* objection was the only objection asserted by Petitioner at trial to the admission of Margolin's testimony (TT [5/27/99] 46:7-48:18).

The Court heard argument from counsel, including citations to the Copyright Act, *Sheldon*, *Daubert* and *Kumho*, and ruled that it would receive Margolin's testimony. (TT [5/27/99] 49:13-51:7) At Petitioner's request, the Court subsequently re-reviewed the *Kumho* decision and affirmed its decision to admit Margolin's testimony. (TT [5/28/99] 1329:9-14) Margolin submitted a 30-page expert report which was admitted into evidence (Defendants' Exh. 67), and testified at length at trial (TT [5/27/99] 39-117).

Margolin testified regarding the value of Petitioner's contribution to the Picture in relation to the value of the entire Picture; how to allocate resources in budgeting a motion picture; and the weight given to various aspects of production (TT [5/27/99] 43-44). Margolin concluded that the value of Petitioner's pattern to the Picture was .000001176 or .0001176%.[3] (TT [5/27/99] 68)

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[3] Specifically, in analyzing the contribution of Petitioner's pattern to the entire Picture, Margolin broke down his analysis into the following steps: (a) Margolin analyzed the value of Petitioner's pattern to the Marriage Block. The idea for the block and the style of the block were dictated by the script for the Picture; McCormick modified and supplemented Petitioner's pattern; and McCormick selected colors and fabrics for the block and physically constructed the block. Accordingly, Margolin concluded that Petitioner's contribution to the Marriage Block was 1/10 or .1. (b) Margolin then considered the value of the Marriage Block to the "Where Love Resides" quilt. Since there were sixteen blocks and a border in the "Where Love Resides" quilt, Margolin concluded that the Marriage Block's contribution to the "Where Love Resides" quilt was 1/17 or .0588. (c) Margolin then analyzed the value of the "Where Love Resides" quilt to the Picture. In that analysis, Margolin considered the value contributed to the Picture by the

Respondents argued at trial that neither Universal nor Amblin' had realized any profits on the Picture, but that to the extent the Court found that either Respondent had realized profits under the Copyright Act, Margolin's analysis should be applied to any such profits. The District Court found that Amblin's $2,000,000 production fee for its services on the Picture constituted profits. The District Court applied Margolin's analysis to Amblin's profits from the Picture by multiplying .000001176 (the value of Petitioner's pattern to the Picture) times $2,000,000 (Amblin's "profits" from the Picture) to arrive at the allocated amount of Amblin's profits awarded to Petitioner:

> "Brown is entitled to an allocated share of any profits earned by the defendants for use of the Marriage Block in the Movie. Universal lost money on the Movie, so there are no profits to share. Amblin received a production fee of $2 million, which the Court finds to be the appropriate measure from which to calculate Brown's damages. The defendants' expert testified that the value of Brown's contribution to the Movie

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performers, novel and screenplay, director, producer, promotion and advertising, music, cinematography, editing, physical production, and post-production. The quilt fell under physical production, which included other elements of the Picture such as production designer, wardrobe, art director, set decorator, hair and makeup, locations, art work and mosaics, quilts and special effects. Margolin concluded that the value of the entire "Where Love Resides" quilt to the Picture was .0002. Margolin arrived at the value of Petitioner's pattern to the Picture (.000001176 or .0001176%) by multiplying .1 times .0588 times .0002 ((a) times (b) times (c)). (TT [5/27/99] 58-69; Defts. Ex. 67, pp. 4-13)

through the Marriage Block was .0001176% of the total value of the Movie. (*See* Def. Ex. 67 at 13.) The Court accepts this testimony and awards Brown .0001176% of Amblin's $2 million in profits, or $2.35." (Conclusion of Law 33(g); Pet. Appendix B-38)

III.

NEITHER THE RECORD BELOW NOR THE DECISION BELOW RAISES THE QUESTIONS PRESENTED BY THE PETITION

A. Amblin' Presented Evidence Regarding The Elements Of Motion Picture Profit Attributable To Factors Other Than Petitioner's Copyrighted Pattern, And The District Court Applied That Evidence To Apportion Amblin's Profits From The Picture

1. Amblin' Submitted Evidence Regarding The Value Of Petitioner's Copyrighted Pattern To The Picture

Amblin' submitted Margolin as an expert witness on the value of Petitioner's pattern to the Picture. The District Court determined that Petitioner should be awarded a percentage of Amblin's profits (Amblin's production fee) which equaled the percentage of the value of the Picture attributable to Petitioner's pattern, as determined by Margolin. Although Amblin' disputed that its production fee should be considered profits, the method the District Court used to determine the amount of the fee due to Petitioner was proper. Indeed, the District Court had a duty to allocate profits between infringing and noninfringing elements. The District Court's result was supported not only by Margolin's testimony but also by

common sense. Petitioner's only contribution was the drawing of a black-and-white pattern based upon the idea and style dictated by the script for the Picture. McCormick then used Petitioner's pattern to create a second pattern, which was translated by McCormick, through the use of fabrics and colors selected by McCormick, into a quilt block which the District Court found to be infringing. The infringing quilt block appeared, mostly in background, for approximately 50 seconds in a motion picture which was approximately two hours long. (Defts. Ex. 67, p. 13) The motion picture was the product of the efforts of hundreds of people and the investment of over $50,000,000 (FF 51).

2. The Copyright Act Provides For Apportionment Of The Infringer's Profits, And This Court Has Approved The Use Of Expert Testimony Of Producers To Perform Such Apportionment

The Copyright Act, 17 U.S.C. § 504(b), states that:

> "The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages. In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work."

The District Court's reliance upon Margolin's expertise and methodology is supported by six decades of authority. This Court held in 1940 that, "where it is clear that all the profits are not due to the use of the copyrighted material" and where there is evidence upon which the court can fairly divide the profits to give to the copyright proprietor her fair share of profits attributable to the use of her copyright, it is proper for the court to apportion the profits. *Sheldon v. Metro-Goldwyn Pictures Corporation*, 309 U.S. 390, 402 (1940). The Circuits are in agreement on this issue; *see Cream Records, Inc. v. Jos. Schlitz Brewing Company*, 754 F.2d 826, 828-29 (9th Cir. 1985) ("[I]n cases such as this where an infringer's profits are not entirely due to the infringement, and the evidence suggests some division which may rationally be used as a springboard it is the duty of the court to make some apportionment," *quoting Orgel v. Clark Boardman Co.*, 301 F.2d 119, 121 (2d Cir.), *cert. denied*, 371 U.S. 817 (1962));[4] *see also Walker v. Forbes*, 28 F.3d 409, 412 (4th Cir. 1994) (courts "must be guided by the rule that the statute

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[4] Petitioner inaccurately characterizes the subsequent, inapposite decision in *Cream Records, Inc. v. Joseph Schlitz Brewing Co.*, 864 F.2d 668 (9th Cir. 1989). In that case, unlike this case, the defendant "introduced no evidence of . . . the elements of profit attributable to factors other than the infringement." *Id.* at 669. Petitioner claims that the Ninth Circuit concluded that the defendant's "entire gross revenues . . . were to be awarded the copyright owner." (Petition, p. 10) In fact, the Ninth Circuit found that the amount contributed by the infringing material was "more than de minimis" and remanded the case "with instructions that the district court award [plaintiff] more than a de minimis portion" of the defendant's profits. *Id.* at 670.

awards the plaintiff only the 'profits of the infringer *that are attributable to the infringement*' ").

A "reasonable approximation of the portion of [defendant's] profits due to the use of the infringing" material has similarly been found to be the proper measure where, as here, profits are earned in the form of a flat fee. *Cream Records*, 754 F.2d at 829 (directing that monies paid to advertising agency be reasonably apportioned to reflect amount due to use of infringing material). In the case of the production of a movie, as *Walker* notes (28 F.3d at 413), *Sheldon* held that it was proper to take into account such items as the drawing power of stars – evidence which the District Court relied upon in apportioning Amblin's fee. *Sheldon*, 309 U.S. at 407; *see also Abend v. MCA, Inc.*, 863 F.2d 1465, 1480 (9th Cir. 1988), *aff'd*, 495 U.S. 207 (1990) (directing that defendants' profits should be apportioned to take into account the value to the film derived from the creative efforts of the many people other than the author of the original story).

Margolin's testimony, as discussed above, is the type of testimony that this Court approved in *Sheldon*, where the parties offered producers as expert witnesses on apportionment of profits (*Sheldon v. Metro-Goldwyn Pictures Corp.*, 106 F.2d 45, 50 (2d Cir. 1939)):

> "By virtue of an extensive experience, [the producer and exhibitor expert witnesses] had an intimate knowledge of all pertinent facts relating to the production and exhibition of motion pictures. . . . Confronted with the manifest injustice of giving to petitioners all the profits made by the motion picture, the court in making an

> apportionment was entitled to avail itself of the experience of those best qualified to form a judgment in the particular field of inquiry and come to its conclusion aided by their testimony." *Sheldon*, 309 U.S. at 408-09.

B. The District Court Performed A Relevancy And Reliability Assessment Before Admitting Into Evidence The Expert Witness Testimony Regarding Apportionment Of Profits

Petitioner's argument that the District Court did not comply with *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579 (1993), and *Kumho Tire Co., Ltd. v. Carmichael*, 526 U.S. 137 (1999), in admitting Margolin's testimony is contrary to the record. *Daubert* and *Kumho* provide the District Court with broad latitude in conducting a relevancy and reliability assessment, and the District Court's decision to admit Margolin's testimony fell well within its discretion. Petitioner's argument that Margolin's analysis was not subject to industry standards or peer review is meritless. Such standards are inapposite here, because apportionment is a test created by the Copyright Act to be employed in copyright infringement litigation. Thus apportionment is unlikely to be the subject of industry standards or peer review.

After considering Margolin's qualifications and methodology, and relevant authorities, including the Copyright Act, *Sheldon*, *Daubert* and *Kumho* (TT [5/27/99] 39-51), the District Court accepted Margolin's testimony:

> "The issue to be decided here is how much of the gross receipts or the profit of a work of art such as a – or a piece of entertainment such as a

film can be attributed to certain elements, and what Mr. Margolin is qualified to do, based upon his extensive experience in the movie industry as a producer, is to determine how much it will take to make a film, either based upon his independent assessment or upon the budget given to him by others and to spend that budget on the different materiel and human components that are required to make a film.

"Mr. Margolin has testified that he has over 120 hours of film to his credit which attest to his substantial experience in this realm.

"In my view, he is qualified as an expert based upon his experience. His qualifications consist of on the job training since the middle 1950's.

"I am not sure where one could go to receive a degree in this so I think that on the job training is the best experience that one could have in this area, and, accordingly, I will accept Mr. Margolin as an expert and permit him to testify on the general subject of the evaluation of the different components that go to making up a film and in specific . . . the value of the block. [¶] Here I find that Mr. Margolin's background makes his testimony reliable. So I will accept him as an expert." (TT [5/27/99] 49:13-51:7)

At Petitioner's request, the District Court re-read the *Kumho* decision and announced that the *Kumho* analysis confirmed its decision:

"And here, in this case, I have reviewed Mr. Margolin's qualifications and his testimony in terms of reliability in light of the particular facts and circumstances of this case which involves a quilt used in a movie and other things, and, in

> my view, his testimony should be received and is received." (TT [5/28/99] 1329:9-14)

Thus the District Court fully complied with this Court's instructions in *Daubert* and *Kumho*. Petitioner's objection that Margolin's analysis had not been subjected to the factors enumerated in *Daubert* is misplaced. *Kumho* expressly provides that such factors may be inapposite, and provides the trial courts with necessary and appropriate flexibility to employ all, some or none of such factors in its relevancy and reliability determination:

> "[A]s the Court stated in *Daubert*, the test of reliability is 'flexible,' and *Daubert's* list of specific factors neither necessarily nor exclusively applies to all experts or in every case. Rather, the law grants a district court the same broad latitude when it decides *how* to determine reliability as it enjoys in respect to its ultimate reliability determination." (*Id.* at 142)

Thus the trial record reflects that the District Court complied with its obligations under *Daubert* and *Kumho* to ensure that Margolin's expert testimony was "not only relevant, but reliable." (*Id.* at 147; *citing Daubert*, 509 U.S. at 589)

CONCLUSION

For all of the foregoing reasons, Respondents respectfully request that this Honorable Court deny the Petition.

Respectfully submitted,

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No. 00-01704

IN THE UNITED STATES SUPREME COURT
OCTOBER 2000 TERM

Rodney Earl Cohen — Petitioner
VS.
Don Grant, et al. — Respondents

Petiton For Writ Of Certiorari To The United States Court Of Appeals For The Fifth Circuit

Reply Brief

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New Points Raised

Questions Presented

I.

Whether Cohen should be held to the same standards of trained counsel wherein he failed to file an additional ***Certificate of Appealibility*** after this Honorable Court vacated the judgment in the instant case and remanded to the Fifth Circuit in light of ***Artuz V. Bennett***

Table of Authorities

Cases

Artuz V. Bennett, 531 U.S.–, 121 S.CT. 361(2000).....1, 3
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Argument

I. Petitioner's postion is that he should not be held accountable for failing to file an additional application for a *Certificate of Appealability* after this court granted *Certiorari* and vacated the judgment and remanded in light of *Artuz V. Bennett, 531 U.S. –(2000).* Wherein this Petitioner received no notice of same from the Fifth Circuit.

On November 13, 2000, this Court vacated the judgment of the United States Court of Appeals for the Fifth Circuit and remanded the case to that court for further consideration in light of ***Artuz V. Bennett, 531 U.S.—, (2000).*** While said case was pending before the Fifth Circuit, Cohen was unaware that he was required to file a new and additional Application for a COA, as it was his understanding that his first and only Application stood as submitted.

Cohen would further state to the Court that while the case was pending, he did not receive any process and/or notice from the Fifth Circuit that in fact he was allowed to file anew, wherein it would have been very beneficial and in his best interest to do so. As a matter of fact, this Petitioner has been and still is most eager to pursue this instant case and has further

attempted to navigate through these complex proceedings following strictly by the rules and other applicable laws, in his present pro se capacity.

The record in the instant case clearly supports Cohen's contention that he has been prudent in the preparation and prosecution of his appeal process.

Legal Analysis

It is well settled that an accused has a right to effective assistance of counsel, although this right only extends through trial and terminates at the conclusion of the direct appeal process. ***See generally Strickland V. Washington, 466 U.S. 668 (U.S. 1984)*** After the conclusion of the direct appeal process within the highest court of any individual state, counsel is no longer obligated to pursue any further remedies of a convicted defendant seeking redress from an unlawful conviction and sentence. Therefore, it is the burden of the incarcerated defendant to secure alternate counsel, and if unsuccessful, his only recourse is to proceed in a pro se capacity, in which proceeding in such capacity is also a right which is guaranteed to an incarcerated litigant seeking relief from an unlawful conviction and sentence. ***Bounds V. Smith, 430 U.S. 817.*** This Honorable Court has further determined that pleadings filed by prisoners who are proceeding pro se should be liberally construed and that a limited amount of leeway will be allowed thereof. ***See Haines V. Kenner, 404 U.S. 519 (1972) and Faretta V. California, 95 S.Ct. 2525 (1975).*** It is clear from the General Docket listed as **Appendix C** to the Respondents ***Brief in Opposition*** that no order was filed and/or any other notice directing Cohen to file a new application for a ***Certificate of Appealability***. As far as known and understood by petitioner, his case was to be reviewed by the Fifth Circuit Court of Appeals to determine if ***Artuz V. Bennett*** was applicable thereto. Hence the reason that Cohen remained silent in regards to filing an additional application for a COA.

Furthermore, Cohen would state to this Honorable Court that it is his position that he could adequately avercome the two-pronged hurdle as set out in this court's ruling in ***Slack V. McDaniel, 529 U.S. 473 (2000)*** and had been aware that he was allowed to plead anew, his pleadings would

have conformed to such in order to demonstrate that his initial petition states valid claims therein, which jurists of reason would in fact find it debatable whether he was denied constitutional rights, in addition to whether the district court was correct in its procedural ruling. Finally, Cohen would ask that this Honorable Court take judicial notice of the fact that he is an incarcerated litigant with limited knowledge as well as limited access to appellate jurisprudence, wherein Respondents are trained and licensed attorneys with unlimited access to a full aresenal of legal tools and weapons within their reach and at their disposal. As Judge Wyzanski was quoted in this Honorable Courts ruling in ***United States V. Cronic, 80 L.Ed. 2d 657, 666-667 (1984).*** "While a criminal trial is not a game in which the participants are expected to enter the ring with a near match in skills, neither is it a sacrifice of unarmed prisoners to gladiators." ***United States ex rel. Williams V. Twomey, 510 F. 2D 634, 640 (CA7), cert. denied, 423 U.S. 876, 46 L. Ed. 2d 109, 96 S. Ct. 148 (1975).***

Petitioner's position is that the same could be said of and dealing with the appellate process, and from all indications Cohen is of the opinion he is the unarmed prisoner pited against the State of Mississippi being the gladiators with swords drawn. Considering the facts as set out herein, if this Honorable Court deems it just and appropriate, Cohen would have no objections to filing any pleading to further demonstrate that he can show both prongs of the ***Slack v. McDaniel*** test.

CONCLUSION

Petitioners position is that he has properly demonstrated that his failure to file anew regarding his application for a ***Certificate of Appelability*** while this case was pending in the Firth Circuit on remand was through no fault of his own. Petitioner would further contend that after scouring through all legal resources available to him, he is still unable to find any rule or directive instructing that he was allowed and/or required to file same. Finally, there can be little doubt that Cohen has vigorously attempted to seek relief from his unlawful conviction and sentence throughout his pleadings. Therefore Petitioner respectfully asks this Honorable Court to take judicial notice and consideration of that fact, and if he was in error for

failing to submit a new application for a COA while this instant case was on remand to the Fifth Circuit for further consideration in light of ***Artuz***, then construe it as harmless.

Respectfully Submitted,

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Certificate of Service

This is to certify that I, Rodney Earl Cohen, Pro Se petitioner herein, have caused to be mailed via United States Postal Service, first-class postage prepaid, a true and correct copy of the foregoing ***Reply Brief*** to the following:

Jo Anne M. McLeod
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This, the 7th day of September, 2001

Rodney Earl Cohen
Rodney Earl Cohen